



STATE OF WASHINGTON
DEPARTMENT OF COMMUNITY,
TRADE AND ECONOMIC DEVELOPMENT

2007 Legislative Summary

1. *Enhancing state investment in economic development (Z-0148)*

Problem: State law limits traditional CERB investments to 75 percent rural communities, caps construction loans to \$1 million, and restricts the types of eligible projects that can benefit from CERB's quick low-interest loans. The Job Development Fund, created in the 2005 legislative session, demonstrated the need for the state to expand its economic development investment strategies to allow opportunities for urban and commercial redevelopment, along with boosting the amount of dollars available.

Solution: Legislation that broadens the types of projects eligible for CERB financing, including purchase of real property; businesses that can be supported (e.g., medical/life sciences, engineering, other specialized technical services that are associated with higher wage jobs; eliminates the programmatic silos between traditional, rural and JDF to create an umbrella application and program responsive to both urban and rural communities; deletes the \$1 million construction cap and allows the limit to be made through CERB policy based on available funds; allows up to 25 percent of available funds to be used on grants; and eliminates the JDF in 2009 to allow the current list of competitively selected projects to go forward.

Fiscal: On the capital budget, CTED will seek approximately \$44 million from the sale of revenue bonds each biennium for the CERB account (fund 887).

2. *Expediting public works board construction loan financing (Z-0142)*

Problem: State law requires the Public Works Board to bring its construction loan list to the Legislature for approval, which typically results in a lag time of 365 days between loan application and loan approval. The waiting between application and approval makes it difficult for local jurisdictions to respond to infrastructure needs in a timely manner.

Solution: Eliminates the requirement for legislative approval, allowing the Public Works Board to take action on the construction loans every month, similar to pre-construction and emergency loans. Appropriation would still be set by the Legislature, and a more concerted effort will be made to include legislators in ribbon-cuttings and loan announcements.

Fiscal: None

3. *Increasing the non-construction loan limit from 15 percent to 25 percent (Z-0143)*

Problem: Many jurisdictions apply to the Public Works Board for a construction loan but use the initial cash infusion to pay for pre-construction or project planning. This leads to projects that need re-appropriation because the project wasn't ready to go when the initial loan was made, and/or additional loan requests by the jurisdiction to complete construction.

Solution: Increase the ability of the Public Works Board to allow through policy, and based on need and requests, up to 25 percent of the appropriation to be used for pre-construction, emergency loans, or loans for capital facility planning.

Fiscal: None

4. *Designating an issuing authority for student loan tax exempt bonds (Z-0159)*

Problem: The state has the capacity to issue up to \$74 million a year in tax exempt private activity bonds for student loans, but has been without an issuer for the past two years. This means that students have not had an additional source of low-interest loans, and typically bonding capacity is left unused.

Solution: Designate a qualified issuer of tax exempt student loan private activity bonds to provide federal student loans and state supplemental loans for Washington students and families. The initiative dovetails with the Governor's Washington Learns effort, and would allow for some targeted loans to specific populations such as high demand occupations, low-income students, and others as identified.

Fiscal: \$241,000 start up FY07, limited thereafter because of bond sales.

5. *Legislative approval of the 2007 Public Works Board loan list – Required (Z-0141)*

Represents \$71 million in new loans for critical infrastructure assistance.

6. *Legislative approval of the 2007-09 Job Development Fund grant list – Required (Z-0145)*

Represents \$49.5 million in new grants to 12 projects; includes an alternative list.

7. *Invigorating the tourism industry through private/public partnerships (no Z draft yet)*

Problem: Washington state is ranked 13th out of 13 western states and 47th of 50 states in tourism spending. Much of the good work that occurs is fragmented or designed to only attract to certain locations. The state needs to play a larger role in helping the tourism industry flourish.

Solution: Working with the Tourism Advisory Committee to develop recommendations for governance and funding related to tourism industry.

Fiscal: Up to \$4 million GFS.

8. *Establishing Bond User Clearinghouse Fees (Z-0170)*

Problem: The Bond Users Clearinghouse (BUC) has historically been funded through application fees charged by the Bond Cap Allocation Program. RCW 39.86.170 authorized CTED to set application fees by rule to fund Bond Cap allocation activities. However, Bond Users Clearinghouse is not a Bond Cap allocation activity.

Solution: CTED is seeking authorization to adopt fees by rule to cover the cost of Bond Users Clearinghouse activities. This is in line with the authority to set fees by rule given to the department for Bond Cap allocation activities, and makes more sense than seeking general fund state to cover program costs.

Fiscal: \$70,000 in new user fees.

These legislative proposals were submitted for consideration to the Governor's Policy Office and OFM Sept. 1, 2006.